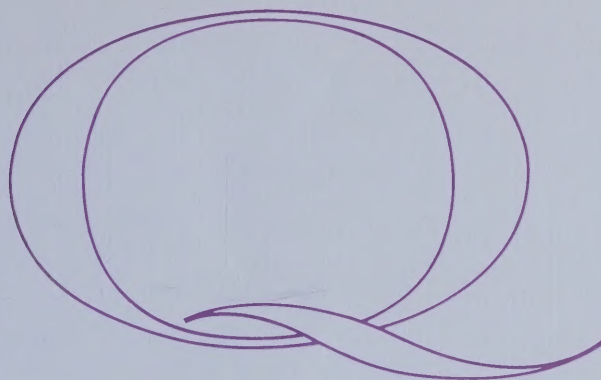


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1976 ANNUAL REPORT

BROADCASTING LTD.

Registered Office

1134 Burrard Street, Vancouver, B.C. V6Z 1Y8

Board of Directors

J. E. STARK, Chairman, Q Broadcasting Ltd.

W. E. BELLMAN, President, Q Broadcasting Ltd.

A. F. TATUM, Secretary, Q Broadcasting Ltd.

R. L. CLIFF, Chartered Accountant

E. M. LAWSON, President of the Teamsters Joint Council No. 36

Twelfth Vice-President of the International Teamsters

A. D. STANLEY, Chartered Accountant

Officers

J. E. STARK, Chairman, Q Broadcasting Ltd.

W. E. BELLMAN, President, Q Broadcasting Ltd.

M. L. FOISY, Vice President—Programming (Vancouver)

N. L. HULLAH, Vice President—Sales (Vancouver)

A. F. TATUM, Secretary, Q Broadcasting Ltd.

Transfer Agents

MONTREAL TRUST COMPANY, Vancouver

Auditors

THORNE RIDDELL & CO.

Consolidated Statement of Retained Earnings

Year ended August 31, 1976

	1976	1975
Retained earnings at beginning of year.....	\$1,397,233	\$1,156,212
Add net income	<u>436,757</u>	<u>334,653</u>
	<u>1,833,990</u>	<u>1,490,865</u>
Deduct dividends on		
Class A shares.....	101,904	93,412
Common shares.....	<u>240</u>	<u>220</u>
	<u>102,144</u>	<u>93,632</u>
RETAINED EARNINGS AT END OF YEAR.....	<u>\$1,731,846</u>	<u>\$1,397,233</u>

Consolidated Statement of Income

Year ended August 31, 1976

	1976	1975
Gross revenue.....	<u>\$4,097,455</u>	<u>\$3,463,934</u>
Expenses		
Operating.....	1,760,897	1,576,692
General, selling and administrative	1,341,117	1,039,227
Depreciation and amortization.....	<u>181,636</u>	<u>182,867</u>
	<u>3,283,650</u>	<u>2,798,786</u>
Income from operations.....	813,805	665,148
Add		
Interest earned.....	69,079	54,874
Gain on disposal of fixed assets.....	<u>602</u>	<u>4,353</u>
Income before income taxes.....	883,486	724,375
Income taxes.....	<u>446,729</u>	<u>389,722</u>
NET INCOME	<u>\$ 436,757</u>	<u>\$ 334,653</u>
EARNINGS PER SHARE.....	<u>\$1.03</u>	<u>\$.79</u>

Consolidated Balance Sheet

Assets

	1976	1975
CURRENT ASSETS		
Cash and term deposits	\$ 893,359	\$ 571,106
Accounts receivable	786,551	715,088
Prepaid expenses	104,675	73,802
	<u>1,784,585</u>	<u>1,359,996</u>
 OTHER ASSETS		
Life insurance, cash surrender value	11,063	8,778
Investment, at cost	1,000	1,000
	<u>12,063</u>	<u>9,778</u>
 FIXED ASSETS, at cost		
Buildings	327,400	318,996
Equipment	1,958,636	1,828,653
Automobiles	55,771	42,236
Leasehold improvements	92,031	80,152
	<u>2,433,838</u>	<u>2,270,037</u>
 Less accumulated depreciation and amortization	<u>1,669,107</u>	<u>1,494,440</u>
	764,731	775,597
Land	99,857	99,925
	<u>864,588</u>	<u>875,522</u>
 EXCESS OF COST OVER BOOK VALUE AT DATE OF ACQUIRING SHARES OF SUBSIDIARIES	<u>591,142</u>	<u>591,142</u>
	<u>\$3,252,378</u>	<u>\$2,836,438</u>

as at August 31, 1976

Liabilities

	1976	1975
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 399,038	\$ 314,966
Unearned income	18,528	15,783
Income taxes payable	178,064	190,660
	<u>595,630</u>	<u>521,409</u>
DEFERRED INCOME TAXES	<u>57,702</u>	<u>50,596</u>

Shareholders' Equity

CAPITAL STOCK		
Authorized		
1,500,000 Non-voting Class A shares without nominal or par value		
1,000 Common shares without nominal or par value		
Issued		
424,600 Class A shares	867,000	867,000
1,000 Common shares	200	200
	<u>867,200</u>	<u>867,200</u>
RETAINED EARNINGS	1,731,846	1,397,233
	<u>2,599,046</u>	<u>2,264,433</u>
	<u>\$3,252,378</u>	<u>\$2,836,438</u>

Approved by the Board

J. E. STARK, Director

W. E. BELLMAN, Director

Consolidated Statement of Changes in Financial Position

Year ended August 31, 1976

	1976	1975
WORKING CAPITAL DERIVED FROM		
Net income	\$ 436,757	\$334,653
Items not involving working capital		
Depreciation and amortization	181,636	182,867
Deferred income taxes	7,106	11,780
Gain on disposal of fixed assets	(602)	(4,353)
	<u>624,897</u>	<u>524,947</u>
Proceeds from disposal of fixed assets	4,093	22,010
	<u>628,990</u>	<u>546,957</u>
 WORKING CAPITAL APPLIED TO		
Additions to fixed assets	174,193	334,664
Dividends	102,144	93,632
Increase in cash surrender value of life insurance	2,285	328
	<u>278,622</u>	<u>428,624</u>
INCREASE IN WORKING CAPITAL	350,368	118,333
WORKING CAPITAL AT BEGINNING OF YEAR	<u>838,587</u>	<u>720,254</u>
WORKING CAPITAL AT END OF YEAR	<u>\$1,188,955</u>	<u>\$838,587</u>

Auditors' Report

To the Shareholders of Q Broadcasting Ltd.

We have examined the consolidated balance sheet of Q Broadcasting Ltd. and subsidiary companies as at August 31, 1976 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at August 31, 1976 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, B.C.
October 22, 1976

THORNE RIDDELL & CO.
Chartered Accountants

Notes to Consolidated Financial Statements

Year ended August 31, 1976

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the accounts of Q Broadcasting Ltd. and its subsidiary companies, all of which are wholly-owned. Active subsidiary companies included in the consolidated financial statements are CKPG Television Ltd. and Radio Station CKPG Ltd.

Depreciation and amortization

Depreciation and amortization are provided on a straight-line basis to amortize the cost of fixed assets over their estimated useful lives.

The depreciation rates are based on the following estimated useful lives:

Buildings	15-20 years
Equipment	10-15 years
Automobiles	5 years
Leasehold improvements	Over life of lease

Excess of cost over book value at date of acquiring shares of subsidiaries is not being amortized because the company does not consider any diminution in value to have occurred.

2. COMMITMENT

The company presently occupies certain facilities under a long-term lease agreement expiring in 1986 requiring base rentals of \$24,000 per annum.

3. ANTI-INFLATION LEGISLATION

The company is subject to the dividend restrictions of The Anti-Inflation Act.

4. STATUTORY INFORMATION

Aggregate remuneration of directors and senior officers for the year ended August 31, 1976 amounted to \$261,840 (1975—\$236,259).

